

Mr. Dennis Braddock
Secretary
Department of Social and Health Services
P.O. Box 45500
Olympia, WA 98504-5080

Dear Mr. Braddock:

We are pleased to inform you that your July 18, 2003, Medicaid demonstration application, Project No. 11-W-00180/0, has been approved for 5 years, effective February 1, 2004, to January 31, 2009. Approval of this project is granted under the authority of section 1115 of the Social Security Act (the Act).

This approval will permit Washington to impose premiums on categorically needy (CN) optional children with family incomes above 100 percent Federal poverty level (FPL), specifically:

- CN children under age 1 whose family income exceeds 185 percent FPL;
- CN children ages 1 through 5 whose family income exceeds 133 percent FPL; and,
- CN children age 6 through age 18 whose family income exceeds 100 percent FPL.

We regret to inform you that we are unable to approve your request to exempt the American Indian and Alaska Native (AI/AN) children from the premiums at this time. The Department of Health and Human Services has determined that the exemption from premiums for AI/AN children that Washington requested in its demonstration application, would not be permitted unless it can be shown to meet the strict scrutiny test applicable for race, color or national origin classifications under Title VI of the Civil Rights Act of 1964. Therefore, prior to implementing such an exemption, the following steps must be completed. Washington must submit an explanation of how such an exemption is consistent with the strict scrutiny test. Washington's explanation will be subject to review and approval by the Department of Health and Human Services. Such an exemption may be implemented only if the explanation is accepted by the Department.

We have carefully considered the policy issues involved in your application. We conclude that the demonstration you propose has the potential to promote the objectives of title XIX of the Act and demonstrate methods of access, service delivery, and administration that have added value that the Centers for Medicare & Medicaid Services (CMS) or other states may wish to consider for the future. In particular, the proposal would demonstrate how the imposition of premiums might be a useful method in rendering optional coverage more affordable.

Our approval of this demonstration (and the waivers and Federal matching provided thereunder) is contingent upon compliance with the enclosed Special Terms and Conditions (STCs). This approval is also subject to our receiving your written acceptance of the STCs within 30 calendar days from the date of this letter.

All requirements of the Medicaid program expressed in law, regulation, and policy statement, not expressly waived or identified as not applicable in this letter, shall apply to the demonstration.

Under the authority of section 1115(a)(1) of the Act, the following waivers are approved for a 5-year period beginning with the implementation date of the demonstration:

1. Premiums Section 1902(a)(14)

To enable the State to impose premiums on categorically needy children with family incomes above 100 percent FPL as approved by CMS in accordance with the STCs.

2. Comparability of Eligibility Section 1902(a)(17)

To the extent that the State can restrict Medicaid eligibility for demonstration participants in order to permit eligibility restrictions related to nonpayment of required premiums.

- ### 3. Retroactive Eligibility Section 1902(a)(34)

To the extent that the State need not provide retroactive eligibility for demonstration participants.

4. Continuous Eligibility Section 1902(e)(12)

To enable the State to restrict continuous eligibility for demonstration participants.

Your project officer for the title XIX demonstration is Ms. Juli Harkins. Ms. Harkins' contact information is as follows:

Centers for Medicare & Medicaid Services
Center for Medicaid and State Operations
7500 Security Boulevard, Mail Stop S2-01-16
Baltimore, Maryland 21244-1850
Telephone: (410) 786-1028
Facsimile: (410) 786-5882
E-mail: Jharkins@cms.hhs.gov

Official communications regarding program matters should be sent simultaneously to Ms. Karen O'Connor, the Associate Regional Administrator in our Seattle Regional Office. Ms. O'Connor's address is:

Centers for Medicare & Medicaid Services
Division of Medicaid and State Operations
2201 Sixth Avenue, RX-40
Seattle, Washington 98121

If you have questions regarding this correspondence, please contact Ms. Jean Sheil, Director, Family and Children's Health Program Group, Center for Medicaid and State Operations, at (410) 786-5647.

We extend our congratulations on this award and look forward to working with you on this innovative project.

Sincerely,

/s/
Dennis G. Smith
Acting Administrator

Enclosures

Page 4 – Mr. Dennis Braddock

cc: Seattle Regional Office